

SICPA

Corporate Social
Responsibility
2020



Enabling trust

CEO INTRODUCTION

It is impossible to look back at 2020 without taking account of the immense effect of the COVID-19 pandemic worldwide, which was necessarily the backdrop to our CSR actions during the year. I am proud and grateful for the way in which everyone at SICPA worked together to rise to the challenges.

Our crisis mechanisms were well-prepared and in late January we had already set up a tactical operations centre. Its key focus was to ensure the health and safety of our staff and the continuity of service to our customers. We were able to move quickly to distance working where appropriate and swiftly put in place a series of thorough personal protection plans for the employees who needed to be physically present in our factories, sites and operations worldwide. We succeeded in keeping our operations running with only limited force majeure exceptions. Numerous governments recognized our offering, particularly in the areas of currency, as vital to their critical national infrastructure. As the scale of the economic cost became evident, it also became clear that our support for their tax collection programmes was essential for national economic health and recovery. Fulfilling our core business purpose, Enabling Trust, was complemented by philanthropic actions, including donations of essential personal protective equipment where these were in short supply.

In our traditional spirit of innovation, SICPA researchers and technologists were swift to seek relevant applications for our new technologies, such as CERTUS®, to support management of the crisis through, for example, creating a secure health passport. This further convinced me of the vital importance of our SquareOne UnlimiTrust initiative which seeks to bring together a wide range of actors to promote new future ways of working in the Economy of Trust.

COVID-19 overshadowed but did not eclipse other significant areas of CSR activity as set out in this report. I would like particularly to point to the commitment we made in 2020 to become Carbon Neutral by 2035 and to early progress made, as a sign of our good faith. We both defined a realistic roadmap and took immediate steps, such as in our traceability operations in Latin America which will meet the target by end 2021. As the year progressed our ambitions grew and have been enhanced by more recent far-reaching commitments to move to Net Zero with important goals to be achieved by 2030. This is as exciting as it is stretching and is crucial to future sustainability.

2020 was a year with many surprises and unexpected demands which will likely continue to impact us into 2021, 2022 and beyond. We are determined to rise to the many challenges and this report is an opportunity to reiterate, regardless of the circumstances, our undertakings to continue to make a positive social contribution in all areas in which we operate, a common cause between SICPA's people, our customers and our partners.

CEO and Chairman
Philippe Amon



Philippe Amon in SICPA's main facility in Switzerland
Cover image: SICPA security ink with a gold-green colour-shift

EXECUTIVE SUMMARY

As a member of the United Nations Global Compact and an adopter of the UN Sustainable Development Goals (SDGs), SICPA's aim is to integrate the world's best practices in sustainability in its business and operations, adapting to a future where sustainability is ever more essential. SICPA's approach respects and capitalises on the company's heritage, culture and values. It is based on 4 key pillars: our markets, our people, communities and environment. SICPA integrates sustainability in its strategy at three levels: compliance, reputation and business integration. SICPA has launched numerous initiatives over recent years, which enable us to demonstrate our commitment to key issues, such as ethics, sustainable products, material and resource utilisation as well as energy and waste reduction.

2020 was marked by the COVID-19 pandemic and crisis around the world. This report demonstrates how SICPA reacted to the situation in all aspects of Corporate Social Responsibility.

In 2020, SICPA decided to achieve carbon neutrality by 2035

OUR MARKETS

During the COVID-19 pandemic, SICPA was able to deploy effective measures, including a Tactical Operations Centre, to protect the company and enable staff to continue to provide uninterrupted operations, deliveries and services to all customers, some of them facing extraordinary demand.

SICPA further strengthened its integrated Compliance Management System and reinforced its third-party management system and its whistleblower process.

The Global Centre for the Advancement of the Economy of Trust, adjacent to SICPA's headquarters building, continued to develop its infrastructure and organisation, aiming to launch in June 2022.

OUR PEOPLE

During the COVID-19 crisis, SICPA's priority was its staff health, both physical and mental. SICPA's Digital Workplace was operating around the world when the crisis started and proved extremely useful, helping everyone to work and keep in touch – an average 50% of staff worked from home. In response to the pandemic, several measures were taken by SICPA entities worldwide to ensure a safe working environment for those on site. SICPA once again reported a low incident rate with only 7 incidents per million hours worked, with only one occupational illness and no fatalities reported during the year. The company continued offering its training programmes to staff and implementing integrated talent management processes while its Employee Branding programme engaged students through various activities.

COMMUNITIES

Around the world, the company contributed to several initiatives helping its communities during the COVID-19 crisis, with financial or material contributions such as ambulances or thousands of face masks. SICPA also contributed to various scientific, educational, cultural and environmental projects in Switzerland and abroad. During the pandemic, many employees worked from home and specific resources were communicated to encourage a healthy work-life balance.

ENVIRONMENT

In 2020, SICPA decided to achieve carbon neutrality by 2035. As a first step, the company undertook an assessment on data related to the entities which account for 80% of carbon emissions. The result enabled SICPA to propose a forward-looking comprehensive roadmap for coming years, which will be finalised in 2021. SICPA's production processes are energy intensive and the company continued to implement projects to optimise energy use. In 2020, SICPA increased its FTEs by 13, while its electricity and water consumptions per FTE decreased. The quantity of inks manufactured in tons remained stable, whilst fossil energy consumption rose by 11%. In 2020, total waste produced in kg per FTE increased only by 4% compared to 2019. Over 70% of generated waste was recycled or required special treatment, a 5% increase compared to 2019.

INTRODUCTION

OUR APPROACH

SICPA operates throughout markets worldwide and takes its corporate responsibility very seriously. Customer requirements continue to evolve to include social and environmental issues. This applies not only to the selection criteria for choosing partners, product and solution providers, but also to their attitude to developing lasting business relationships.

Since the 2013 launch of its Group-wide initiative on Corporate Social Responsibility, SICPA has initiated multiple programmes and monitors and manages its social and environmental performance closely.

To embody the way the company conducts its business and how it impacts economies, society and the environment, **SICPA's CSR programme consists of 4 key pillars:**

Our markets

Interaction and impact on the sustainability of economies and markets

Our people

Engagement with employees

Communities

Participation within the communities where the company operates

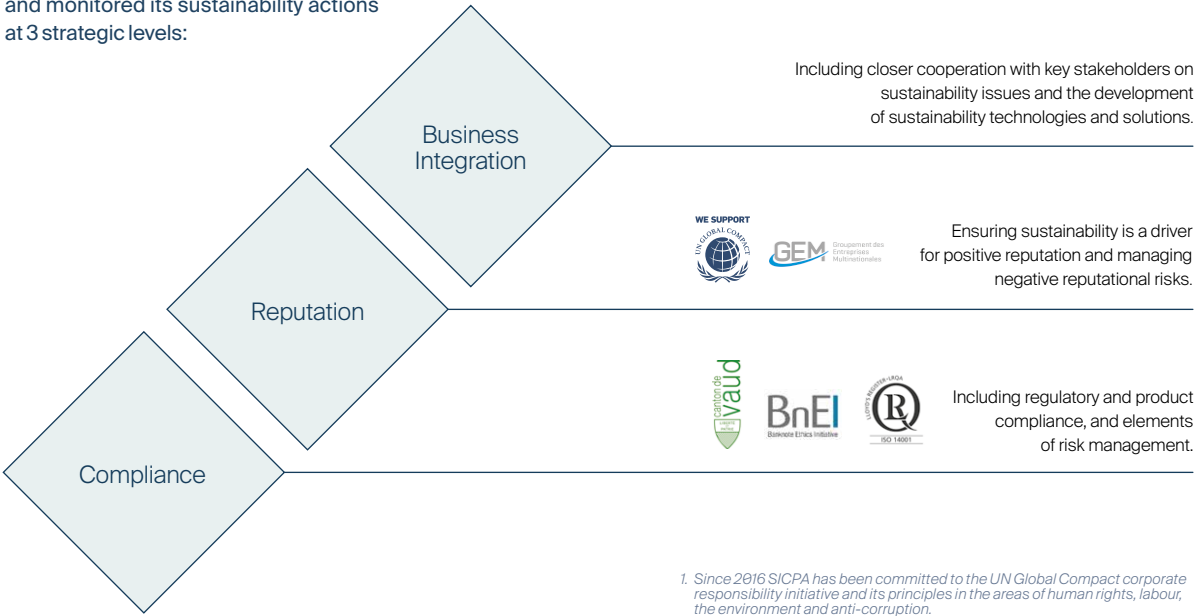
Environment

Impact of the company's operations on the environment

In 2019, SICPA adopted the **United Nations' Sustainable Development Goals (SDGs)**, as a benchmark to which we will align our actions. The 17 goals defined by the United Nations cover a wide spectrum of sustainable development topics relevant to companies such as poverty, health, education, climate change and environmental degradation. The services and solutions we offer as

a company have an important role to play in helping our clients meet their UN SDG targets - providing national governments, regional groups and simple citizens the means to fight fraud and counter the inefficiencies and distortions it creates. This is at the heart of our CSR approach along with strong company policies guiding how we ourselves act.

Since 2016, the company has measured and monitored its sustainability actions at 3 strategic levels:



ALIGNED WITH THE UNITED NATIONS SDGS



MARKETPLACE



ENVIRONMENT



PEOPLE



COMMUNITY

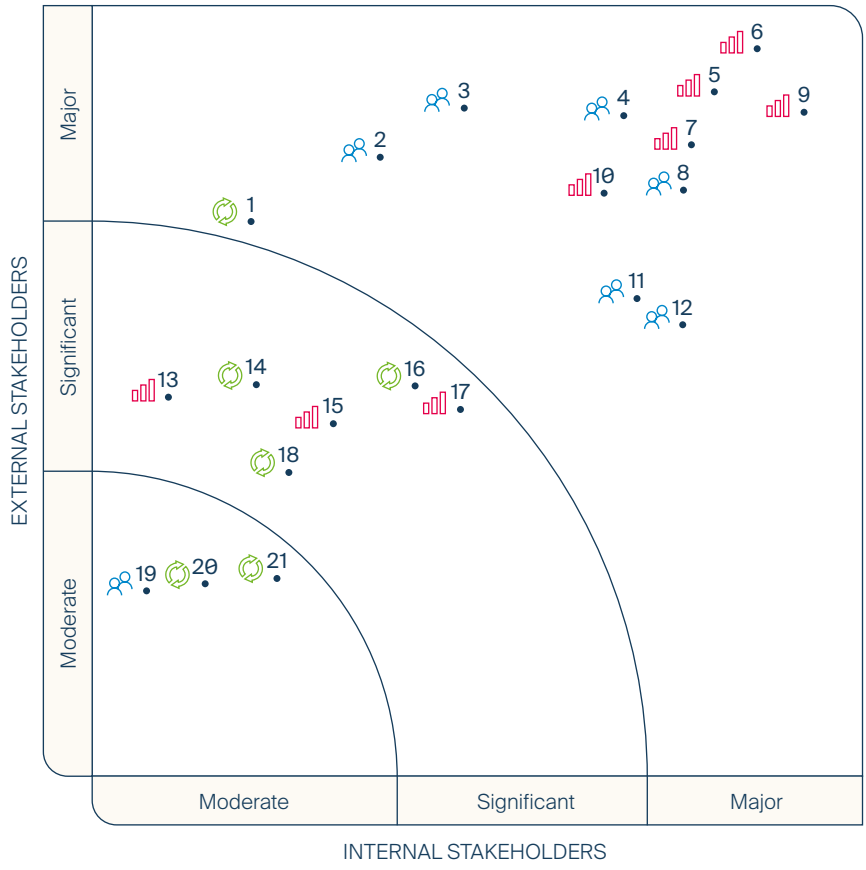


NOT APPLICABLE



- 1 Diversity and equal opportunities, talent acquisition, retention, reward, learning and development
- 2 Health and safety

MATERIALITY ASSESSMENT



- ECONOMIC**
- 5 Sustainable and safe materials
- 6 Safe products
- 7 Secure supply chain
- 9 Business ethics
- 10 Corporate governance
- 13 Stakeholder engagement
- 15 Responsible investment
- 17 Sustainable innovation and improvement

- SOCIAL**
- 2 Diversity and equal opportunities
- 3 Child labour
- 4 Security practices
- 8 OCC health and safety
- 11 Talent acquisition, reward and retention
- 12 Learning and development
- 19 Community engagement

- ENVIRONMENTAL**
- 1 Climate change
- 14 Energy efficiency
- 16 Waste management
- 18 Water management
- 20 Biodiversity
- 21 Sustainable packaging

In 2020 SICPA continued to roll out its programme of measures based on our Sustainability Materiality Assessment. Materiality aspects were defined based on SICPA's experience with CSR and the Global Reporting Initiative Guidelines. Major and significant aspects of the materiality assessment include:

MATERIALITY ASPECTS	SECTIONS (STATUS AND ACTIONS)
Economic aspects	
Corporate governance	Governance
Business ethics	Compliance at SICPA
Sustainable and safe products, materials and supply chain	Quality / Procurement
Social aspects	
Occupational health and safety	Operational integrity
Talent acquisition, retention and reward	Workplace excellence
Learning and development	Workplace excellence
Diversity and equal opportunities, non-discrimination	Workplace excellence / Human rights
Security practices	Human rights
Child labour	Human rights
Environmental aspects	
Waste management	Environment / Waste and climate change
Climate change	Environment / Waste and climate change

ECONOMIC ASPECTS



OUR MARKETS

Despite the COVID-19 pandemic SICPA was able to deploy simple but effective measures to protect the company and enable staff to continue to provide uninterrupted operations, deliveries and services to all customers. The whole organisation was under intense stress but held together thanks to the unwavering commitment and solidarity of all our people in all our locations.

GOVERNANCE

SICPA's governing structures reflect its long-term view on markets and economic sustainability. The company is headed by a Board of Directors made up of shareholders and external non-executive directors. The company's strategy and operations are overseen by the Executive Committee, supported by committees addressing specific strategic topics. The company is organised based on Strategic Business Areas (SBA) and Initiatives (SBI) which support a transversal organisation. This enables SICPA to efficiently deliver business and to develop new markets and products.

STAKEHOLDERS

SICPA's partnerships with numerous stakeholders reflect its approach of respectful entrepreneurship and its continuous commitment. It is in times of crisis that partnerships truly measure up to the values of trustworthiness and reliability – throughout the 2020 COVID-19 crisis, SICPA has demonstrated its commitment through continued communication and uninterrupted access to quality products, services and technical support. New ways of interacting with clients were set up to replace business travel that was no longer possible. The COVID-19 Tactical Operations Centre was set up within SICPA to monitor and report on the fast-evolving situation in order to proactively mitigating actions against potential disruption. These timely mitigation measures have enabled security inks operations to weather through changes in personnel availability, supply of raw materials, production capacity and logistics, including cross-border land transport restrictions and global freight capacity. The crisis communication taskforce has provided regular updates to keep customers and staff informed of the company's revised measures and actions. In addition, numerous banknote security ink manufacturing facilities were declared as critical or essential infrastructure with the outbreak of COVID-19, as these facilities are essential for national economic security.

In the Lausanne region, SICPA continued to lead an important initiative with the support of key partners and local bodies such as the EPFL and the Canton de Vaud with the aim of creating a new competence centre in the field of physical and digital trust technologies: The Global Centre for the Advancement of the Economy of Trust. Launched in October 2019, a new building continued to be built during 2020, adjacent to SICPA's headquarters, to house this initiative. It is

scheduled to open in June 2022, and will bring together actors from industry, government and international institutions and academia.

SICPA continued to take on the challenge of linking the security of the physical world with its digital counterpart in order to protect goods and people from the vulnerabilities created by today's global digitalised economy and governance. Pilot schemes are underway to meet a diverse range of challenges – among others, protecting land registries, electoral integrity, diplomas or the supply chain of precious metals. SICPA is among the founding steering members of the Trust over IP (ToIP) Foundation, an independent project to enable trustworthy exchange and verification of data between any two parties on the Internet. Joining forces within this global pan-industry alliance of organisations, governments and companies is another coherent response of SICPA towards contributing to the shared goal of building trust, on-line and off-line, in the physical world and in the digital world. SICPA also continued to establish and nurture strong partnerships with both academia (EPFL, CSEM, IMD, HEC Lausanne) and industry – from long established companies to newcomers in blockchain or data analytics.

COMPLIANCE AT SICPA

For SICPA, compliance with the law is not optional, but something that is part of our value of Trust. Compliance is embedded in our daily actions.

The Board Audit Committee exercises compliance risk oversight under the leadership of the Board of Directors. Implementing a compliance system, in particular in the fields of corruption prevention, foreign trade controls and competition law, and overseeing its business and operational application lies at the core of the mission of the Chief Compliance Officer, who reports to the CEO and Board Audit Committee. The Chief Compliance Officer and its team at headquarters are supported by nearly 30 Compliance Coordinators at local affiliates.

In 2020, SICPA further strengthened its integrated Compliance Management System (CMS) that includes elements of risk assessment, training, consultation across hierarchical and functional lines and third-party management, with a focus to enhance detection processes and internal controls, including annual Compliance confirmations.

In parallel, SICPA reinforced its third-party management system and its whistle-blower process. In anticipation of the upcoming EU Whistleblowing Directive, an upgraded Speak Up line was launched and is available in all SICPA markets for both employees and third parties. The Speak Up line is managed by an independent external provider.

In addition to this, SICPA updated its Global Anti-Corruption policy, translated it into 11 languages and trained more than 1,600 employees on the updated policy, along with close to 100 key external partners.

SICPA renewed its accreditation with BnEI (Banknote Ethics Initiative), an initiative in which SICPA is participating since its inception. SICPA is also working towards obtaining an ISO 37001:2016 certification in 2021.

Focus on: The TOC, Tactical Operations Center, in response to the COVID-19 crisis

At the end of January 2020, before COVID-19 became so well known, SICPA analysed the situation and put emergency measures in place to deal with the crisis. A TOC was set up to bring together all the company's stakeholders in the various business areas. This ensured a comprehensive analysis of the crisis and enabled decisions to be made with the best overview. The Operations Center uses a control room, available 24 hours a day, where all the information needed for decision-making is available in real time. This information includes, for example, the map of the global evolution of COVID-19, the visualisation of all SICPA sites worldwide, the operating status of various factors that can have an impact on the business, various maps and media information. All of this made it possible to get through the waves of COVID-19 on all continents while limiting the consequences for SICPA, its clients and its employees.

SICPA's digital tax stamps combine various patented technologies for cutting-edge multi-level authentication

PROGRESS: 2020 ACTIONS

Update SICPA Policies	✓
Further strengthen the Compliance Management System	✓
Upgrade grievance mechanism (Speak Up line)	✓
Submit UN Global Compact COP	✓
Renew BnEI accreditation	✓

Legend: ✓ completed ▷ on-going ✗ pending

LOOKING FORWARD: 2021-2022

- Actively support and apply UN Global Compact principles
- Obtain ISO 37001:2016 certification
- Renewal of certifications





CERTUS® health pass scan illustration

PRODUCTS

SICPA products and solutions have an underlying social benefit. The company contributes to the well-being of society-at-large by actively contributing to ensuring cash systems, value documents and vulnerable goods are safer and more secure for use or consumption.



QUALITY

SICPA has built its reputation as an innovator, thanks to the pioneering development of new products and technologies, annually investing a significant portion of its revenues in research and development – counting more than four thousand patents to date. The quality and safety of its products and solutions is key to the sustainability of SICPA as a successful company and this is reflected in the company's consistently renewed certifications, such as ISO 9001 and ISO 45001. SICPA seeks to minimise the negative environmental impact inherent in the use and disposal of its products. Substitution programmes for certain chemicals continue to contribute to the management and reduction of risks for human beings. A dedicated programme is focused on developing a broader range of markers for the secure marking fuel, minimising environmental impact and risk and broadening applications.

PROCUREMENT

The economic sustainability and quality of SICPA products is closely linked to its suppliers. This is reflected in the company's Supplier Code of Conduct – this code sets out requirements for business continuity and contingency plans, product changes and phase out. Further, SICPA pays particular attention to environmental and social issues in its dealings with suppliers. The Supplier Code of Conduct covers ethics, security, environmental and human rights rules and principles. In terms of human rights, particular attention is given inter alia to employment conditions, child labour and non-discrimination guidelines.

2020 STATUS AND ACHIEVEMENTS

Since its launch, the SPARK® optical security technology has continued to grow, with a series of breakthroughs: pigments, ink formulations, magnetic modules and high precision printing equipment, as well as in design and integration expertise, versatility and printability on various substrates and banknote elements. In late 2020, the launch of SPARK Flow® marks the beginning of a new level of technological maturity which holds the promise of unprecedented feature visibility, powerful design impact and heightened security for banknotes.

SICPA also launched CERTUS®, a novel digital solution which sets a new standard in securing sensitive paper-based and digital documents. It enables document issuers like educational institutions, government bodies or notaries to secure documents and qualifications. It combines break-

through digital seal technology protected by the blockchain with a secure QR-code applied to documents. During the year, CERTUS® was deployed in the my HealthPass solution, guaranteeing COVID-19 test results or vaccination status, for example for the Russian Kontinental Hockey League.

SICPA continued to closely monitor the revolution underway in the banking and payments sectors and is well positioned to pursue opportunities in the area of retail token-based central bank digital currency (CBDC). Insights gained over the years and experience of physical currency and identity as public goods ensure that the company is uniquely equipped to understand the security needs of digital currencies and identity assets as these streams begin to converge over time.

In February 2020, Global Information Services renewed the CMMI® Level 3 Version 2.0 in Development and Services, becoming the first Swiss company being appraised in version 2.0. In the same month, SICPA R&D Analytical Laboratory obtained the ISO 17025 accreditation granted by the Swiss Accreditation Service (SAS), an international standard for testing laboratories, certifying the proven proficiency in chemical testing and the demonstrated integration of analytical activities within the SICPA Integrated Management System.

The International Currency Association confirmed its ICA Sustainability Charter, which calls on members, such as SICPA, to promote adoption of circular economy principles and integrate sustainability criteria throughout all aspects of current and future processes and projects. Members committed to reduce their environmental footprint by reducing consumption of water and raw materials, reassessing the chemicals used in production and increasing recycling. This should be accompanied by a decrease of emissions through innovation and new technologies, increased use of renewable energy and emissions reduction objectives.

As in previous years, SICPA participated to various international conferences, mostly online due to the pandemic, dedicated to technologies and sometimes presenting its recent products and solutions developments.

Initiative to promote and defend cash

In 2020, SICPA continued to participate in the independent CashEssentials initiative to promote the use of cash and to ensure its longevity as a

sustainable payment method. CashEssentials provides an overview of the benefits of cash for society which includes the universal use of cash, efficiency, reliability and connecting people. Social inclusion and cash as a support to critical national infrastructure planning and crisis management are key drivers for maintaining well-functioning national cash systems. CashEssentials has also launched an initiative to foster innovation in the physical cash cycle field using digital means. In November 2020, HUMANIA was announced as a global cash community initiative to support human recovery and development post COVID-19. SICPA supports this initiative through its membership in the IBDA, ICA, CashEssentials and the Security Ligue.

Protecting products and brands

Illicitly produced products, which respect no regulations or norms, are so often harmful to the environment, to the workers who produce them and to those to whom they are ultimately sold. Fighting illicit trade supports sustainability. SICPA's ever broader portfolio of technologies, services and solutions which counter frauds of all sorts enables us to help governments and companies meet their own environmental objectives. SICPA's high security traceability systems combined with proofs of origin provide assurance for consumers that highest standards have been met. Such technology solutions help prevent environmentally harmful activities such as the adulteration and illegal "cleaning" of fuel products. SICPA also continued to develop more reliable and usable authentication solutions for brand owners, with a new generation of graphical and digital technologies, enabling consumers to verify products at points of sale. These solutions are applicable across a range of industry sectors such as pharmaceutical, electronic consumer goods, luxury goods and food and drinks. Other current problems being tackled include counterfeit electric and electronic parts, product tampering in pharmaceuticals and protective measures for gold bullion.

LOOKING FORWARD: 2021-2022

On-going replacement of harmful substances ➤

On-going development of sustainable solutions ➤

Integrate the ICA Sustainability Charter ➤

Legend: ✓ completed ➤ on-going ✕ pending



ENVIRONMENTAL ASPECTS

ENVIRONMENT



CARBON NEUTRALITY BY 2035

As a member of the United Nations Global Compact, SICPA's aim is to integrate the world's best practices in sustainability in its business and operations, by constantly monitoring its environmental footprint. In 2020, the company undertook an assessment by Quantis on data related to the entities which account for 80% of carbon emissions. The result enables SICPA to propose a forward-looking comprehensive roadmap for coming years, with the objective of achieving carbon neutrality by 2035, well ahead of the 2050 Paris agreement obligations. The roadmap is planned for beginning of 2021 and will look at specific targets, both regional and functional. It will consider scope for carbon reduction as well as strategies for compensation.

In 2020, SICPA continuously evaluated the environmental impact of the company's business and operations, including human health, climate change, resource and ecosystems impact. The company follows its policies and relevant processes developed as part of ISO 14001:2015 certification to optimise the environmental footprint of its operations. This is closely linked to the intensity of its ink manufacturing operations. Despite the COVID-19 pandemic, the quantity of inks produced worldwide in 2020 was similar to 2019, with a small decrease of 7%. This manufacturing activity accounted for 95% of the company's electricity consumption, 76% of fossil energy consumption and 74% of waste generation. The remainder is related to the other business activities of SICPA around the world. To note that the 2020 reporting takes into account new entities from South America (Chile, Ecuador, Dominican Republic) as well as Uganda.

2020 STATUS AND ACHIEVEMENTS

Energy and Water

Energy efficiency is an important factor for SICPA given its manufacturing operations. The energy KPIs calculation is based on the number of FTEs in December of the year. In 2020, SICPA's FTEs worldwide increased slightly by 13 compared to 2019. The electricity and water consumptions per FTE decreased while the quantity of inks manufactured in tons slightly decreased by 7% from 2019. In 2020, the electricity intensity per FTE decreased by 2% (compared to a 5% decrease in 2019) but fossil energy intensity per FTE increased by 11% (compared to a 7% decrease in 2019). Finally, water intensity declined by 19% per FTE.

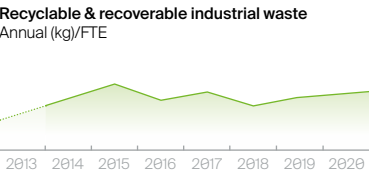
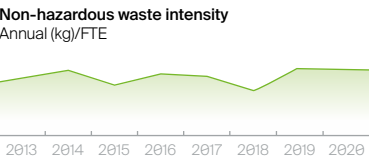
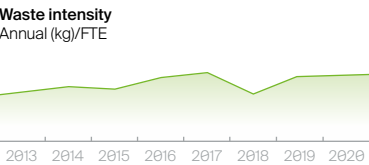
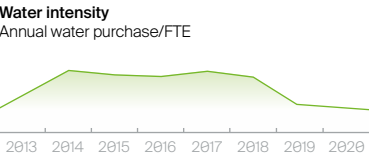
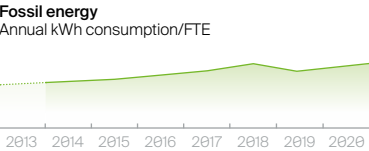
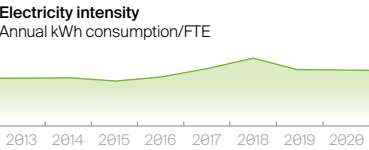
The company continued to install energy efficient solutions in its entities around the world and in Switzerland charging stations for employees' vehicles were made available. SICPA Pakistan completed the installation of its solar energy system, inaugurated in May. This new system produces about 245 MWh per year, which meets 25% of the company's electricity demand. It also impacts the company's carbon footprint by reducing the emissions of 148 tonnes of carbon dioxide per year.

Waste & Climate Change

The company identified waste management and climate change amongst the top significant aspects in its Materiality Assessment. In 2020, total waste produced in kg per FTE increased only by 4% compared to 2019. At the same time, 70% of waste generated was recycled or required special treatment, an increase of 5% compared to 2019. It is worthwhile noting that in line with previous years and the nature of our products, 30% of SICPA waste is categorised as dangerous under European and national waste rules, which requires special treatment. 75% of such waste was generated in the company's Swiss manufacturing facility which has partnered with CRIDEC for disposal and reuse. CRIDEC uses such waste to generate materials and energy for a nearby cement plant, an example of SICPA's contribution to the concept of circular economy. Greenhouse gas emission actions continue to be regulation driven and by contractual obligations in some cases.

Focus on: Our path to carbon neutrality in South America

SICPA Ecuador, Dominican Republic and Chile started in 2020 a major project to achieve carbon neutrality in all areas of their operations by 2021. This sustainability project is carried out in several phases using internationally recognised methodologies such as the ISO standard 14064/14065 and the GHG protocol which guarantee external validation and verification. As an example, SICPA Ecuador reduced its carbon footprint by 22.7% in 2020, compared to 2019. The aim is to achieve carbon neutrality by quantifying, reducing and offsetting the carbon footprint of their local operations.



Note: figures are based on 90% Full Time Equivalents (FTEs), compared to 86% and 80% in 2015 and 2014 respectively.

LOOKING FORWARD: 2021-2022

Roadmap for carbon neutrality worldwide by 2035	▷
Carbon neutrality in South America	▷
Energy efficiency obligations	▷
Waste management solutions	▷
CO ₂ measurement (regulatory compliance)	▷

Legend: ✓ completed ▷ on-going ✕ pending

SOCIAL ASPECTS



SICPA laboratory in Switzerland

OUR PEOPLE

The SICPA workplace reflects the importance of technical and scientific excellence and capabilities to the company, as well as the long-term and diverse nature of its business and markets.



WORKPLACE EXCELLENCE

The three topics below are major and significant aspects of SICPA's Materiality Assessment.

Talent Acquisition, Retention & Reward

During the year, SICPA continued implementing its integrated talent management processes. The initial focus is on talent acquisition, i.e. to strengthen recruitment processes overall and roll out procedures, tools and common practices globally. New processes and tools are objective driven focusing on quality of new hires, which is reflected in the retention rate of 96% in 2020, 2% higher than 2019.

Over the years, numerous academic partnerships have been established with reputable institutions in the region of Swiss Romandie, such as EPFL, HEC and HES-SO. Willing to be open to the world and grow its employer brand awareness, SICPA, with its HR Talent Management team, has rapidly adapted to different event formats and turned constraints into opportunities. Despite the challenges caused by the pandemic, the company continued organising throughout 2020 various recruiting events and student engaging activities. These events were a great opportunity for employees to share their experience with young graduates or students wishing to follow their path. Among the events in which SICPA participated in 2020 were the Forum HES-SO, Forum EPFL, Women's Contact Day and HEC Lausanne Career Networking Fair in Switzerland. SICPA continued building on these partnerships while expanding to new ones and even reaching other countries such as Spain and France. The HR Talent Team attended several virtual international events such as HackerX in Madrid and Catalyz Forum in Lyon.

Learning & Development

SICPA has specific programmes to develop leadership, management and innovation capabilities and skills. 2020 has changed the way we work, so efforts were made to cover topics such as managing a remote workforce, time management and working from home. Business travel was reduced which had a positive environmental impact, and a training programme, BeTravelWise, covered the essential travel topics (preparation, awareness of risks, how to respond to an incident,...). The company also continued to partner with Bookboon, an online library, to further develop a proactive e-learning culture. In 2020, several e-learning courses on the man-

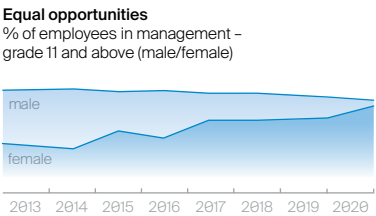
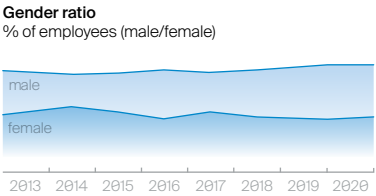
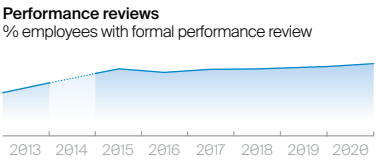
agement of new technologies, cybersecurity and GDPR were offered in order to address these sensitive issues that are increasingly present in our daily lives. It is essential for employees to have the necessary skills, knowledge and attitude to adapt to the ever-changing workplace environment and to continuously develop both within and outside their role.

In 2020, the average number of annual training hours per employee increased from 25 in 2019 to 27, including all sorts of learning activities, formal and distance learning and on-the-job knowledge transfer. In addition, the Digital Lab in HQ continued to organise its virtual monthly lunch-hour learning sessions for employees who were eager to know more about SICPA's current and future activities across sectors within the digital sphere.

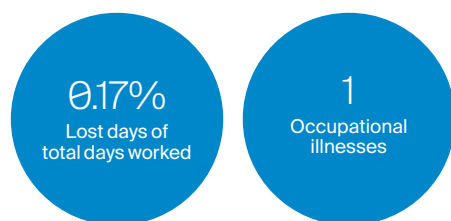
In 2020, the SICPA Management Development Programme celebrated its 10th anniversary. Thanks to this global training, more than 300 managers in Switzerland and internationally have been able to improve their team management and leadership skills by focusing on communication, professional relationship building,

Focus on: Response to the pandemic crisis

During the COVID-19 crisis throughout 2020, SICPA's priority was its staff health, both physical and mental. The company's Tactical Operations Centre (TOC) monitored the fast-evolving situation in order to proactively mitigate actions. In Switzerland, a mandatory Protection Plan was deployed on the two sites to protect employees from the virus. With HR, numerous activities and information sharing were organised on themes such as home office, health advice, training and collaboration around the world. SICPA's Digital Workplace was operating around the world when the COVID-19 crisis started and proved extremely useful, helping everyone to work and keep in touch - an average 50% of staff worked from home. New functionalities were added, and the Intranet contents were upgraded on Share-Point Online, starting with the main hub Connect and the GIS portal.



Note: Figures for 2013 and 2014 represent Switzerland only. From 2015 to 2017, figures represent 80% of SICPA worldwide employees except for the training ratio. The 2018 figures represent all SICPA worldwide employees except for the annual turnover and the training ratio. Starting in 2017, the training ratio is calculated based on the figures from SICPA Group annual consolidated financial accounts. It includes all training costs worldwide except related travel expenses.



change management and cultural awareness.

Diversity & Equal Opportunities

Equal Opportunities and Non-Discrimination are part of SICPA's values and Code of Business Conduct. This is reflected in SICPA's workforce with more than 70 nationalities and ethnicities represented. To shine a light on the diversity within SICPA, the "Chef for a day" initiative continued in 2020 in our Swiss Headquarters restaurant, to enable our colleagues to share the gastronomical treasures of their roots. It is important to recognise that SICPA's strength comes from the commitment, the motivation and the expertise of its workforce. During the pandemic, it became central to embrace the diversity in our organisation, to stay connected and support each other across the globe. Therefore, through a series of testimonials dedicated to employees in different countries, with different cultures, professions and interests, SICPA brought on the spotlight our values, our missions and what truly makes SICPA a good place to work.

Values & Corporate Culture

SICPA is focused on promoting a common culture and building a transversal organisation and has introduced a common competency framework to support this. Leading and managing teams of different people with different personalities, career goals, communication styles and culture, is one of the most challenging aspects of a manager's role. The SICPA Competency Model introduced in 2019, serves HR and managers in identifying the critical behaviors leading to success within SICPA culture. In addition, managers are trained on people management skills.

During the year, the SICPA values and sense of cohesion were promoted through numerous communications and several internal events in a number of countries.

HUMAN RIGHTS

SICPA aims to conduct its business in full respect of prevailing human rights standards and legislation. Human Rights elements such as non-discrimination and respectful labour and security practices are incorporated in the company's policies, in particular the Code of Business Conduct, HR and Security Policies. The Supplier Code of Conduct looks closely at issues, such as freedom of association, child labour, employment conditions, human treatment and freely-chosen

employment.

SICPA ensures that all relevant human rights issues are covered by the company's policies and guidelines and communicated accordingly to staff worldwide. Due to the nature of its business SICPA maintains the highest security standards. There is an on-going requirement to ensure we identify the impact these practices may have on the respect of human rights, in particular in relation to physical and data security, and ensure that adequate guidelines and training are given to security personnel, both SICPA and third parties. SICPA staff in Switzerland voted in 2015 against the establishment of a staff association explicitly renewing their trust in management when it comes to the management and resolution of labour issues. In other countries, the freedom of association and collective bargaining principal is applied through a trade union as and when determined by staff.

SICPA's Materiality Assessment identified several human rights aspects, such as security practices and child labour, as important for the company's business. The UN Principles on Business and Human Rights and the Global Reporting Initiative (GRI) is used as a basis for internal assessments. SICPA has an on-going programme to identify any potential gaps and address them accordingly.

Focus on: Job Architecture Project

Job Architecture was implemented in 2020 to provide a common platform to build an integrated job framework within SICPA. This framework reflects internal equity and external marketplace practices to facilitate career development and identify our talents. With the goal of defining roles at SICPA, increasing job clarity and classification, 16 job families and 71 subfamilies were successfully identified. Each category has a job profile detailing the description for each job level associated to it and set the expectations for a job. Job Architecture is an effective tool to streamline HR processes to meet the evolving needs to our business, but also for organisational design and competency management, with an aim to deliver the value-added recruitment, engagement and retention outcomes.

OPERATIONAL INTEGRITY

The health and safety of SICPA employees and the communities in which the company operates are essential for the operational integrity and sustainability of the SICPA business. SICPA has rigorous health and safety processes and ISO 45001:2018 certification. The company provides periodic and continuous training to its employees on occupational hazards and professional safety.

2020 status and achievements

In 2020 SICPA continued to maintain a low incident rate with only 7 incidents per million hours worked, which is below the industry average (11 in 2019). The number of accidents with or without lost time decreased from 51 in 2019 to 34 in 2020, for a population of 2899 employees worldwide. It is important to highlight that there was only one reported occupational illness and no fatalities during the year. In response to the COVID-19 pandemic, a number of measures were taken by all SICPA entities worldwide to ensure a safe working environment for staff by providing them with appropriate advice and equipment including thousands of masks!

PROGRESS: 2020 ACTIONS

Priority to staff health during the COVID-19 crisis	✓
Implement Job Architecture	✓
Offer new learning and training programmes	✓
Maintain low health and safety incident rates	✓

Legend: ✓ completed ▷ on-going ✕ pending

LOOKING FORWARD: 2021-2022

- Continue various support to staff during the COVID-19 pandemic
- Continue to streamline HR processes with job architecture
- Implement equal opportunities actions

Coloured pigments used in security inks

SICPA

Enabling trust

COMMUNITIES



Everywhere SICPA conducts business and operates, the company takes care of its local communities by being involved and participating in social, cultural, education and scientific activities. The focus of the company's corporate sponsorship and donations is in Switzerland, the home country and main production centre, and in countries where SICPA has existing businesses and operations.

2020 STATUS AND ACHIEVEMENTS

In 2020, SICPA contributed approximately 2'102'705 CHF to 71 community initiatives, mainly to cultural, education and environmental projects.

In Switzerland, the company contributed to several initiatives helping its communities during the COVID-19 crisis. Among them is a contribution to the Lausanne University Hospital (CHUV) Foundation, to support its staff needs, as well as the supply of masks to the Hospitals of the region Nord Vaudois (EHNV). SICPA also joined the Enjoy Lausanne initiative, set up by the city of Lausanne to support local businesses during the crisis. SICPA provided the security inks and design expertise of the voucher booklets which were given to each inhabitant of the city containing discounts at participating businesses.

Focus on: Donations in LATAM related to COVID-19

Latin America was particularly affected by the pandemic in 2020. To support local communities, SICPA Ecuador donated 2,000 face masks to a hospital in Guayaquil, the most severely affected region, to enable health workers and the population to combat the virus. SICPA Chile donated face masks and alcohol gel to the San José Hospital and Municipality of Huechuraba. In Dominican Republic, SICPA donated face masks, bio-safety suits and protective glasses. In Mexico, after the fire that affected the Nicolás Flores municipality in the State of Hidalgo, the communities lost everything. To support them, SICPA donated 5 filters of water intended for consumption and adoption of hygiene measures before COVID-19.

Despite the pandemic, SICPA continued to sponsor various cultural events such as the Geneva Camerata orchestra or the cultural season of the city of Renens. Many of the events that SICPA supports had to be cancelled. La Nuit des Musées was unfortunately not spared and had to cancel its September 2020 edition. This local cultural event held in Lausanne and Pully, near the SICPA Head-

quarters, allows no less than 15,000 visitors each year to discover 25 museums in the city.

In addition, SICPA Switzerland continued its FitForAll programme to encourage health and fitness activities among employees. Despite the cancellation of many sports events in 2020, employees in Switzerland were able to participate in Bike to work, covering hundreds of kilometres whether cycling or walking, including during home office. During the pandemic, many employees worked from home and specific resources were communicated to encourage a healthy work-life balance. Online activities were organised to keep colleagues in contact as much as possible (language courses, video interviews on the job, etc.).

Some examples of SICPA Community projects outside Switzerland this year include SICPA Pakistan which supported the Rahnuma Public School by donating computer equipment such as laptops and printers. This school of 500 students is run by the Path Educational Society, a non-profit institution that provides education to children from disadvantaged families. SICPA Pakistan also organised free eye tests for its staff at the Layton Rahmatulla Benevolent Trust which is a non-governmental organisation supported by the company since several years. Throughout the past year, SICPA Pakistan supported its local communities in dealing with the COVID-19 crisis, partnering for example with the NGO APNA Malir to distribute bags of food rations and other essentials to the people in the Malir area.

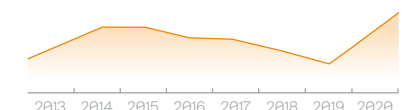
Another example comes from Spain where SICPA promoted a campaign together with the Red Cross for blood donation. A mobile donation unit came to our Madrid's offices.

Focus on: COVID-19: SICPA donates ambulances

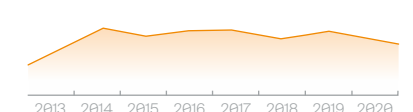
SICPA Uganda donated 5 ambulances to the Ugandan Ministry of Health to address the urgent need for health services during the pandemic. These ambulances will now enable a faster and more efficient response to coronavirus cases even in the most remote districts.



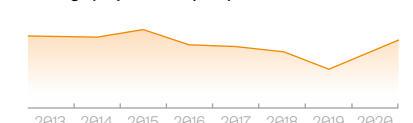
Total financial contributions (KCHF)
Sponsorships and donations to community



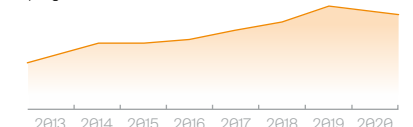
Number of community projects supported



Average project value (CHF)



Impact assessment and follow up*
Number of projects with implemented
impact assessments and development
programmes



Note: a substantial number of donations are given to cultural events as one-off contributions which do not require follow up.

Note: the above figures are indicative and exclude, to the extent that it was possible to identify them, commercial donations, membership of associations, subscriptions and documentation. Numbers since 2019 reflect this as several subscriptions were excluded.

LOOKING FORWARD: 2021-2022

- Continue to support community projects worldwide
- Continue FitForAll programme in Switzerland



OTHER CSR ACTIONS

Focus on: SICPA Ecuador ratifies the Women's Empowerment Principles (WEP)

SICPA Ecuador has strengthened its commitment to the Sustainable Development Goals (SDGs) in terms of Gender Equality, signing the Principles for the Empowerment of Women of UN Women, thus joining the 38 companies from Ecuador. To promote equality and equity in the local operations, the objective in 2020 was to increase the results achieved in 2019 by 30% by using the dedicated UN tool "Enterprise metering and diagnostic WEP".

SICPA Mexico became member of the United Nations Global Compact Mexico, working with the local network on the 17 UN SDGs and in particular SDGs 13 and 14 (Carbon neutrality and Ocean protection). Several CSR actions are underway including electricity consumption reduction, evaluation of solar energy supply, waste recycling and stimulating individual eco-friendly practices.

In Switzerland, the lighting of the SICPA sites was partially switched off on the night of August 12, during the passage of the shooting stars, the Perseids. This was done at the same time as dozens of Swiss villages and cities, allowing the observation of the starry sky in the best conditions, once a year.

SICPA Spain celebrated the 10th anniversary of its Centre of Excellence and the inauguration of its new premises in Madrid. Over the last ten years, the organisation and the number of international projects evolved positively. Many teams have been added to the group originally formed in 2010, which made it necessary to expand the workspace. The health crisis did not allow the planned celebration to take place, but the company hopes to be able to organise an event when the situation goes back to normal.

Every year CSR awareness sessions are organised for employees to learn more about the company's approach to sustainability, specifically to new employees as part of the SICPA Induction Programme in the first weeks of their arrival. In the last nine years, over 1000 employees and 450 SICPA managers, including corporate functions, divisional management and country entities management, participated in these sessions.

The company continues to ensure its approach to sustainability issues is communicated externally on social media platforms and on its website. The website CSR section is updated to include examples of SICPA achievements worldwide. In addition, communications on CSR topics continue to be published on the company's global intranet. Finally, like in previous years, the 2019 CSR report was distributed to interested customers and partners.

SICPA has also communicated selectively on sustainability issues with peer groups, such as the UN Global Compact Network and plans to continue such actions in 2021.



SICPA laboratory in Switzerland

UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2020

PRINCIPLE		ACTIONS 2020	CSR REPORT 2020 REFERENCE / SECTION
Human Rights			
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none">– Policies inclusive of human rights– Grievance mechanism and remediation	Human Rights
Principle 2	Make sure that they are not complicit in human rights abuses	<ul style="list-style-type: none">– Policies inclusive of human rights	Procurement / Human Rights
Labour			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none">– Policies inclusive of Labour Practices	Human Rights
Principle 4	The elimination of all forms of forced and compulsory labour	<ul style="list-style-type: none">– Code of Conduct– Supplier Code of Conduct– Clear contractual basis	Procurement / Human Rights
Principle 5	The effective abolition of child labour	<ul style="list-style-type: none">– Code of Conduct– Supplier Code of Conduct– National labour laws and regulations– Verification mechanisms	Procurement / Human Rights
Principle 6	The elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none">– Code of Conduct– HR policy and procedures– Records of recruitment, training and promotion– Grievance and remediation	Procurement / Professional Excellence / Human Rights
Environment			
Principle 7	Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none">– Policies inclusive of environment– Stakeholder engagement– Governance structures– Grievance mechanism	Governance / Stakeholders / Environment
Principle 8	Undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none">– Sustainable products programme– Target and objectives	Products / Quality / Traceability
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none">– Lifecycle assessment– Product design– More sustainable materials	Products / Quality
Anti-Corruption			
Principle 10	Businesses should work against corruption in all its forms	<ul style="list-style-type: none">– Global Anti-Corruption policy– Board Audit Committee– Whistle-blower process– Compliance Management System– Third-party Management System	Compliance at SICPA

ABOUT SICPA

SICPA is a leading global provider of secured authentication, identification and traceability solutions and services. Founded in 1927 and headquartered in Lausanne, the privately-owned Swiss company is a long-trusted advisor to governments, central banks, high-security printers, and industry.

SICPA's mission is to *Enable Trust* through constant innovation. The company has been at the forefront of research and innovation in security inks which are at the core of its expertise. SICPA inks and special features protect the majority of the world's banknotes, security and value documents from counterfeiting and fraud.

The company also integrates these security features with digital technologies, such as software and data management systems, to offer solutions and services to governments, ensuring product authentication, traceability and protection as well as tax reconciliation and production control. SICPA systems protect governments from tax revenue loss on products most often subject to illicit trade, such as excisable goods like alcohol, tobacco and fuel and support broader policy objectives in the fields of health and the environment. Systems also allow manufacturers to protect and authenticate their products and to engage consumers.

SICPA continues to be focused on innovation in the digital area, working with inhouse R&D and external partners to provide solutions for a diverse range of e-government services, to enable trust in the digital world.

Today, SICPA is a global company with offices and factories on five continents. With more than 2,900 staff of over 50 nationalities, the company provides technologies and services to most nations worldwide.



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